

**MEMO# 32828**

October 13, 2020

## **Request for Comments on OECD Blueprints on Pillars One and Two**

[32828]

October 13, 2020 TO: ICI Global Tax Committee  
Management Company Tax Subcommittee

Tax Committee RE: Request for Comments on OECD Blueprints on Pillars One and Two

As we informed you today,[\[1\]](#) the OECD/G20 Inclusive Framework on BEPS (Inclusive Framework) has released for public comment two “Blueprints” for addressing the tax challenges of the digitalizing economy. These Blueprints are part of the OECD’s effort to develop a consensus approach for addressing nexus and profit allocation issues ([Pillar One](#)) and crafting a global minimum tax ([Pillar Two](#)).

The OECD’s related [public consultation document](#) raises questions under both Pillars One and Two of interest to the asset management industry.

The Pillar One question of greatest interest to asset managers involves the scope of the new taxing right. As noted in the more detailed memorandum on these Blueprints, “most (but not all) jurisdictions believe that it is appropriate to exclude the sector from the scope of Amount A.” Although we already have provided support (compelling to most members of the Inclusive Framework) for a broad asset management exception, these arguments will be restated and supplemented during the public consultation period.

The Pillar Two section raises specific questions regarding the treatment of investment funds. As provided in the public consultation document:

1. Considering that the GloBE rules only protect the tax neutrality of investment funds that are at the top of an MNE Group’s ownership chain, are there specific situations in which the GloBE rules do not adequately protect the tax neutrality of investment funds?
2. In the case of an investment fund under the control of an MNE Group, what additional rules would be needed to ensure the tax neutrality of the fund and ensure that:
  - i. the MNE Group’s share of the fund’s income is not excluded from the GloBE tax base? and
  - ii. related party payments to and from the fund cannot be used to circumvent the UTPR?

Written comments on the Blueprints must be submitted by 14 December 2020; a virtual

public consultation will be held in January 2021. The Blueprints will be discussed on upcoming Tax Committee calls. A call of the Management Company Tax Subcommittee also will be scheduled. In addition, your comments on the Blueprints are welcome at any time. Please submit these comments to Katie Sunderland (at [katie.sunderland@ici.org](mailto:katie.sunderland@ici.org) or 202-326-5826) and the undersigned (at [lawson@ici.org](mailto:lawson@ici.org) or 202-957-7226).

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#### **endnotes**

[1] See Institute [Memorandum No. 32827](#), dated October 13, 2020.

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